

Municipality of Lakeshore – Report to Council

Operations

Public Works



To: Mayor & Members of Council

From: Jeff Wilson, Division Leader – Public Works
Krystal Kalbol, P. Eng., Corporate Leader - Operations

Date: September 20, 2023

Subject: Regional Waste Management Program – County of Essex By-law 2023-40

Recommendation

Support and endorse County of Essex By-law 2023-40, being a by-law to transfer all power of the lower-tier municipalities of the County of Essex with respect to the collection of waste and the delivery of such waste in the County of Essex, to the County, pursuant to the provisions of Sections 189 and 190 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended.

Background

In 2018, the Province issued a Food and Organic Waste Policy Statement (Policy Statement) that provides direction to provincial ministries, municipalities, industrial, commercial and institutional establishments, and the waste management sector to increase waste reduction and resource recovery of food and organic waste.

The Policy Statement provides direction to prevent and reduce food and organic waste at each stage of the food supply chain, including the production, distribution, consumption and recovery of food and organic waste.

In support of the Policy Statement, the Essex Windsor Solid Waste Authority (EWSWA) Board approved the development and implementation of a Regional Food and Organics Waste Management Plan in October 2020.

At the November 9, 2021 Council meeting the following resolutions were passed by Lakeshore Council in support of a regional program:

364-11-2021

That the Municipality of Lakeshore support, in principle, a regional approach to food, organic and biosolid waste processing, and that this motion be sent to the County of Essex.

365-11-2021

Direct Administration to bring a report regarding when and how the Municipality of Lakeshore could participate in a regional food, organic and biosolid waste process.

A regional organics program was approved, and implementation is underway.

Comments

However, since the onset of discussions regarding a regional organics program, conversations expanded to include a regional approach to waste management.

The regional organics and waste management program discussions have been proceeding as outlined in the presentation prepared by EWSWA and the County of Essex that was previously delivered to Lakeshore Council on August 15, 2023. The anticipated advantages to regionalizing both organics (already approved) and waste collection (current by-law being considered) are also outlined in the presentation. These have not changed. This has been appended for ease.

At the August 16, 2023 County Council meeting, County Council initiated the process to collect and deliver waste to a regional service by passing By-law Number 2023-40, being a by-law to transfer to the County all power of the lower-tier municipalities of the County of Essex with respect to the collection of waste and the delivery of such waste in the County of Essex, pursuant to the provisions of Sections 189 and 190 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended.

This decision at the County level (passing of the By-law) has triggered this report to Lakeshore and all regional Councils for consideration of the Regional Waste Management Program.

However, County Council passing the By-law does not in and of itself upload the service from the local municipalities to the County. It only starts the process. Section 189(2) of the *Municipal Act, 2001*, requires:

(a) a majority of all votes on the council of the upper-tier municipality are cast in its favour;

(b) a majority of the councils of all the lower-tier municipalities forming part of the upper-tier municipality for municipal purposes have passed resolutions giving their consent to the by-law; and

(c) the total number of electors in the lower-tier municipalities that have passed resolutions under clause (b) form a majority of all the electors in the upper-tier municipality.

In the case of the County of Essex, this requires at least four (4) of the seven (7) local municipalities, comprising at least 50% of the electors in the County, to pass resolutions in support of the County's By-law before the service is uploaded.

This report is intended to provide information to assist in informing Council with respect to the outlined recommendation.

EWSWA retained Exp Services Inc. (EXP) to assist in the review of broad waste collection. The final EXP report was provided to the EWSWA Board on July 12, 2023, and to County Council on July 19, 2023. The report identified several conclusions and recommendations, including but not limited to:

- Municipalities in Ontario have enacted Every Other Week (EOW) garbage collection as a best practice to support waste diversion to Source Separate Organic Waste (SSO) programs.
- EOW garbage collection may provide potential garbage collection cost savings.
- Clear bag garbage policies have been shown to be effective at diverting SSO and Blue Box material from the garbage stream and is becoming more common in municipalities across Ontario.
- Implementation of a County wide SSO program should be done through both urban and rural areas. This provides equitable service delivery and better positions the County for when the proposed provincial landfill ban on SSO is implemented (anticipated to be in effect in 2030).
- Regionalization of waste collection services is an accepted practice and is well established in Ontario.

With respect to the level of service to residents, the initial transfer of authority for waste collection to the County would carry an element of local municipal influence in that existing service levels would be maintained as outlined in existing contracts for a time.

Ultimately, the County, as the authority for the service, would move toward a future 'standardized' residential service level. The Regional Waste Working Group, comprised of representatives from each of the local municipalities, is currently recommending that a future standardized service level would include:

- EOW garbage collection (changed from weekly to bi-weekly to accommodate weekly organic collection);
- Maintaining bulk/large item collection;
- Weekly organic collection (new, enhanced service level);
- Bi-weekly leaf/yard waste collection (from April to November);
- Monthly White Good pick-up.

The Regional Waste Working Group also recognizes education and transition time will be critical to onboarding residents and achieving engagement. The most efficient way to manage the change is at the regional level.

Administration recognizes the benefits of a regional waste management approach and working collectively with our municipal partners to create efficiencies, place downward pressure on the levy and future expected costs, and modernize waste management services.

At this time, Administration recommends Council support and endorse the transfer of the collection of waste to a regional program.

It should be clarified that if the regional program is supported (and successful) Administration will negotiate with our current waste collection contractor to extend until December 31, 2024, as the regional program is expected to be in place on January 1, 2025.

If unsuccessful, Administration will prepare to tender a new contract for the collection of waste as soon as possible, as the deadline for the current contract is December 31, 2023.

Others Consulted

EWSWA and the County of Essex were consulted.

Financial Impacts

The financial impacts to the local municipalities will depend on the funding model that is ultimately agreed to and implemented.

Based on the above, there have been questions on how the charges would be structured (i.e. general levy, user fee model, or a hybrid combination). A hybrid funding model was proposed by the County CAO/Director Financial Services/Treasurer to the local municipal CAO's, Treasurers and the Regional Waste Working Group.

The aim of the hybrid funding model was to recognize differing viewpoints on how local municipalities should contribute to the cost of a regional service. Factors that were considered include: (i) existing contract pricing, (ii) existing service levels, (iii) subsidization concerns, (iv) existing catchment areas, and (v) authority and decision-making.

The hybrid funding model would account for the tonnage, households and population data for each local municipality.

EWSWA would bill the County based on its existing billing model and provide sufficient detail to identify the tonnage for each local municipality's tonnage and population.

When calculating the County Annual Tax Rate, two tax rate calculations would be made:

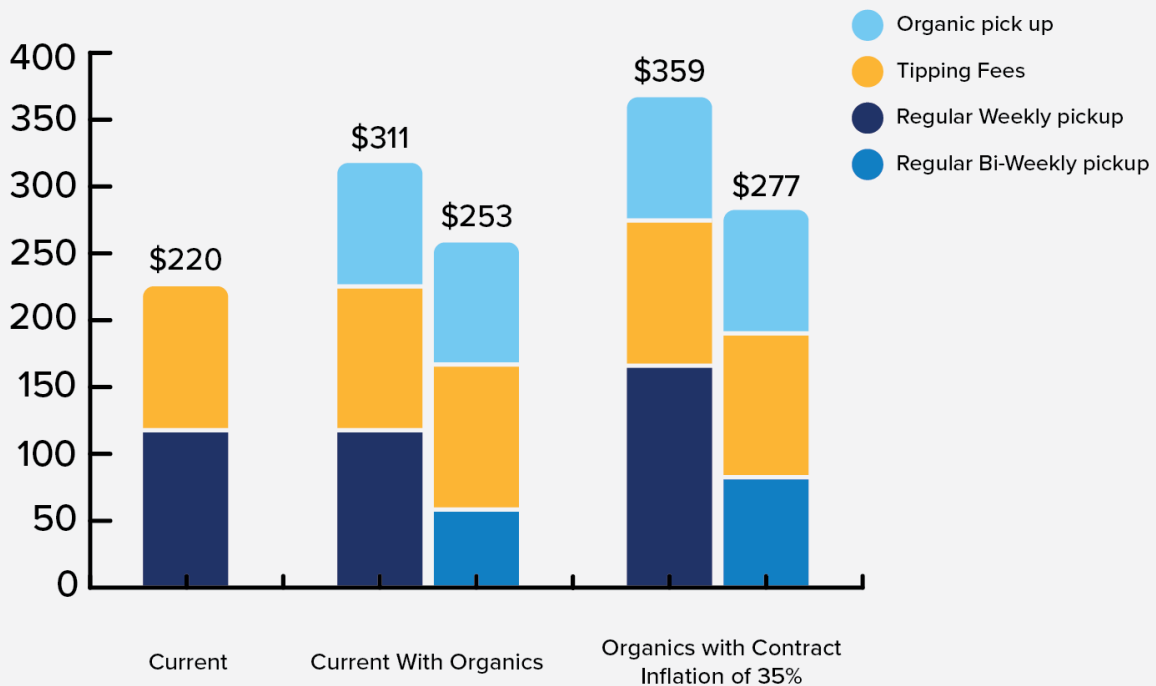
- 1) **County Services** (not including waste services) – calculated as normal based on global weighted assessment.
- 2) **County Waste Services** – calculated as a separate special area rate that establishes a tax rate by the local municipality for only its share of the regional cost based on its own tonnage/households in relation to only its weighted assessment (not the share of global weighted assessment).

A homeowner would then see four (4) tax rates on their bill:

- i) Local Municipal Rate
- ii) County General Levy Rate
- iii) County Waste Levy Rate
- iv) Education Rate

Administration has also provided below an estimated annual garbage rate comparison, per household based on the expected costs if the program were to remain local or become a regional program:

Estimated Annual Garbage Rate Comparison, Per Household



Estimating the annual impact on a home in Lakeshore is a difficult task but the above shows an order of magnitude of potential outcomes and makes the following assumptions:

- 1) The annual tipping fees paid via the municipal tax levy will remain unchanged and have been estimated by the number of homes in Lakeshore.
- 2) The estimated cost of the weekly organics program will hold true to the 2025 estimates provided in the EWSWA presentation. (However, at that time only the urban areas were considered.)
- 3) The reduction to bi-weekly pick-up of waste will reduce the current cost per home by 50% as the service level would move from 52 to 26 weeks.
- 4) Should the Municipality of Lakeshore not partner with the region on the waste collection contract the Municipality may face inflationary pressures of 35% by 2025
- 5) Lakeshore being the County of Essex's largest waste collection contract due to our population and size does add an element of increased financial risk.
- 6) Lakeshore will benefit from all local municipalities going to market as a larger group and by managing the collection of waste in a coordinated fashion on a regional basis.

For Lakeshore residents the most financially beneficial outcome would be a model that follows the recommendation to move towards regional collection and protects the municipality by using the economies of scale on the waste contract and protects against inflation. This is shown on the chart above at an estimated cost of \$253 dollars per household. This represents an estimated increase of \$33 dollars per home from the current cost. It should be noted that a \$33-dollar increase in service level cost would be similar to a 1.88% Municipal tax levy increase for an average home in Lakeshore to deal with the new service level around waste collection and organics.

For Lakeshore residents the least financially beneficial outcome would be a model that Lakeshore does not reduce the current service level on weekly waste collections and adds in a new service level of weekly organics. Also, Lakeshore would not be able to capitalize on economies of scale and would tender for the waste collection contract and be exposed to inflation of 35%. This is shown on the chart above at an estimated cost of \$359 dollars per household. This represents an estimated increase of \$139 dollars per home from the current cost. It should be noted that a \$139-dollar increase in service level cost would be similar to an 8.5% Municipal tax levy increase for an average home in Lakeshore to deal with the new service level around waste collection and organics.

Based on the above review and the above assumptions. Council's support of the recommendation would help reduce potential cost exposure to an average home in

Lakeshore by \$106 dollars annually and help reduce the potential financial exposure similar to a 6.62% Municipal levy increase.

Attachments

2023-40 Regional Waste Management Initiative By-law

Municipality of Lakeshore Regional Waste Discussion, August 15, 2023 Presentation

Report Approval Details

Document Title:	Regional Waste Management Program – County of Essex By-law 2023-40.docx
Attachments:	- 2023-40 Regional Waste Management Initiative By-law_CERTIFIED_UA.pdf - Municipality of Lakeshore Regional Waste Discussion August 15, 2023.pdf
Final Approval Date:	Sep 22, 2023

This report and all of its attachments were approved and signed as outlined below:

Prepared by Jeff Wilson

Submitted by Krystal Kalbol

Approved by Justin Rousseau and Truper McBride